Senate

General Assembly

File No. 31

January Session, 2013

Senate Bill No. 862

Senate, March 11, 2013

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT REQUIRING HEALTH INSURANCE COVERAGE FOR LUNG CANCER SCREENING.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective January 1, 2014*) (a) Each individual health insurance policy providing coverage of the type specified in subdivisions (1), (2), (4), (11) and (12) of section 38a-469 of the general statutes delivered, issued for delivery, renewed, amended or continued in this state, shall provide coverage for lung cancer screening tests, in accordance with the recommendations established by the American Lung Association, after consultation with the American Cancer Society, based on age, family history and frequency provided by such recommendations.

(b) Benefits under this section shall be subject to any policy provisions that apply to other services covered by such policy.

Sec. 2. (NEW) (*Effective January 1, 2014*) (a) Each group health insurance policy providing coverage of the type specified in

subdivisions (1), (2), (4), (11) and (12) of section 38a-469 of the general statutes delivered, issued for delivery, renewed, amended or continued in this state, shall provide coverage for lung cancer screening tests, in accordance with the recommendations established by the American Lung Association, after consultation with the American Cancer Society, based on age, family history and frequency provided by such recommendations.

(b) Benefits under this section shall be subject to any policy provisions that apply to other services covered by such policy.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*January 1, 2014*	New section
Sec. 2	*January 1, 2014*	New section

INS *Joint Favorable*

OFA Fiscal Note

State Impact: See Below

Municipal Impact:

Municipalities	Effect	FY 14 $	FY 15 $
Various Municipalities	STATE MANDATE - Cost	Potential	Potential

Explanation

The bill results in no fiscal impact to the state employees and retirees health plan. The state employees and retirees health plan currently provides coverage for lung cancer screening based on medical necessity and prior authorization.

The bill may increase costs to certain fully insured, municipal plans that do not currently provide coverage for lung cancer screenings. The coverage requirements may result in increased premium costs when municipalities enter into new health insurance contracts after January 1, 2014. Many municipal health plans are recognized as "grandfathered" health plans under the Patient Protection and Affordable Care Act (PPACA)[1]. It is unclear what effect the adoption of certain health mandates will have on the grandfathered status of

[1] Grandfathered plans include most group insurance plans and some individual health plans created or purchased on or before March 23, 2010. Pursuant to the PPACA, all health plans, including those with grandfathered status are required to provide the following as of September 23, 2010: 1) No lifetime limits on coverage, 2) No rescissions of coverage when individual gets sick or has previously made an unintentional error on an application, and 3) Extension of parents' coverage to young adults until age 26. (www.healthcare.gov)

certain municipal plans under PPACA[2]. Pursuant to federal law, self-insured health plans are exempt from state health mandates.

In addition, the federal health care reform act requires that, effective January 1, 2014, all states must establish a health benefit exchange, which will offer qualified health plans that must include a federally defined essential health benefits package (EHB)[3]. The federal government is allowing states to choose a benchmark plan to serve as the EHB until 2016 when the federal government is anticipated to revisit the EHB.

While states are allowed to mandate benefits in excess of the EHB, the federal law requires the state to pay the cost of any such additional mandated benefits for all plans sold in the exchange[4]. The extent of these costs will ultimately depend on the mandates included in the federal essential benefit package, which have not yet been determined. If the benchmark plan does not include certain state mandated health benefits, the state would be responsible for the cost of those additional mandated benefits. Lastly, state mandated benefits enacted after December 31, 2011 cannot be considered part of the EHB for 2014-2015 unless they are already part of the benchmark plan[5].

The Out Years

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[2] According to the PPACA, compared to the plans' policies as of March 23, 2010, grandfathered plans who make any of the following changes within a certain margin may lose their grandfathered status: 1) Significantly cut or reduce benefits, 2) Raise co-insurance charges, 3) Significantly raise co-payment charges, 4) Significantly raise deductibles, 5) Significantly lower employer contributions, and 5) Add or tighten annual limits on what insurer pays. (www.healthcare.gov)

[3] EHB requires coverage in 10 categories. In addition, Section 2711 of the Public Service Act prohibits annual dollar limits or lifetime maximums on EHBs.

[4] As of December 2011, Connecticut had 32 mandated health benefits in law. Maryland has the most, with 35 and Indiana has the least with 6. (*Source:* The Blue Cross/Blue Shield Association. *State Legislative Healthcare and Insurance Issues 2011*. Prepared by: Susan S. Laudicina, Joan M. Gardner, Kim Holland. As reported by NCSL, http://www.ncsl.org/issues-research/health/state-ins-mandates-and-aca-essential-benefits.aspx. Accessed 3/2/12.)

[5] *Source*: Dept. of Health and Human Services. *Frequently Asked Questions on Essential Health Benefits Bulletin* (February 21, 2012).

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Sources: Office of the State Comptroller

OLR Bill Analysis

SB 862

AN ACT REQUIRING HEALTH INSURANCE COVERAGE FOR LUNG CANCER SCREENING.

SUMMARY:

This bill requires certain health insurance policies to cover lung cancer screening tests, in accordance with recommendations established by the American Lung Association after consultation with the American Cancer Society, based on age, family history, and frequency, as provided in such recommendations. The coverage is subject to any policy provisions that apply to other covered services.

The bill applies to individual and group health insurance policies delivered, issued, renewed, amended, or continued in Connecticut that cover (1) basic hospital expenses; (2) basic medical-surgical expenses; (3) major medical expenses; or (4) hospital or medical services, including coverage under an HMO plan.

Due to the federal Employee Retirement Income Security Act (ERISA), state insurance benefit mandates do not apply to self-insured benefit plans.

EFFECTIVE DATE: January 1, 2014

BACKGROUND

Lung Cancer Screening Recommendation

The American Lung Association currently recommends low-dose computed tomography (CT) chest scans for certain individuals at highest risk for lung cancer. To be considered high risk, a patient must be 55 to 74 years old, be a current or former smoker, and have a 30 pack-year smoking history (e.g., one pack a day for 30 years, 2 packs a day for 15 years, etc.).

Related Federal Law

The Patient Protection and Affordable Care Act (P.L. 111-148) allows a state to require health plans sold through the exchange to offer benefits beyond those included in the required "essential health benefits" provided the state defrays the cost of those additional benefits. The requirement applies to benefit mandates enacted after December 31, 2011. Thus, the state is required to pay the insurance carrier or enrollee to defray the cost of any new benefits mandated after that date.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable
Yea 15 Nay 4 (02/26/2013)